State of Missouri Communications

Cost Allocation Plan

Fiscal Year 2008

Office of Administration
Information Technology Services

**State of Missouri communications
Cost Allocation Plan
Fiscal Year 2008**

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Background and General Description

<u>Purpose</u>

This document explains the methodology utilized by the Information Technology Services Division in developing rates for communications services provided to state agencies, colleges, and universities. The authorization to develop rate structures and establish a charging system is provided under Chapter 37, RSMo 1986.

This Cost Allocation Plan, and the process by which it is developed, is consistent with the revolving administrative trust fund methodology utilized by the Information Technology Services Division the past several years. The estimated expenditures and rates set forth herein provide the means for ensuring full cost recovery based on agency use of services. As with any plan, actual events and historical data will require close monitoring and some revisions.

<u>Pricing Concepts</u>

The major objective of the Information Technology Services Division is to provide state agencies and organizations cost effective and efficient shared communications resources. Achievement of this objective results in improved productivity in state government and more effective delivery of governmental services to the citizenry by state agencies.

The charging systems or objectives associated with this Cost Allocation Plan methodology can be summarized as follows:

1.   establish usage sensitive pricing of services

2.   provide rate stabilization

3.   develop a cost for the total communications service package which is less than can be obtained elsewhere

4.   provide agencies maximum flexibility in controlling use

5.   minimize the impact of future rate changes and/or cost increases

6.   maximize economies of scale opportunities available through resource sharing.

<u>Revolving Administrative Trust Fund</u>

The revolving administrative trust fund was established to receive funds paid or transferred to the Office of Administration by agencies of the state for goods and services utilized by such agencies. Spending ceiling authorization is enacted annually by appropriation and any unencumbered balance in excess of 1/12 of the amount appropriated to the revolving

administrative trust fund at the close of the fiscal year reverts to the general revenue fund in accordance with other provisions of the law. No monies are actually provided to the Office of Administration under this appropriation. The funds to pay for communications services are appropriated by the General Assembly directly to the state agencies, colleges, and universities. Payment for communications services are made by the Office of Administration from the revolving administrative trust fund. The fund is then replenished by monthly billing to state agencies, colleges and universities based on the use of services.

<u>Expenditure Planning</u>

One of the key components of this Cost Allocation Plan is developing an overall schedule and general allocation of anticipated expenditures. The expenditure plan contained in Section C of this report reflects the best estimate of the costs required to provide communications services to state agencies over a twelve month period.

<u>Development Methodology</u>

A cost-based development methodology was employed in establishing the billing rates detailed in Section E of this plan. The benefits of this cost based methodology are two fold: (1) as a full cost approach, both direct and indirect costs are included, and the problem of under or over recovery of communications total budget costs is minimized, (2) it provides an equitable method for cost recovery; i.e., the rate is based on the amount of resources utilized.

The methodology for development of this Cost Allocation Plan can generally be summarized as the execution of the following eight work steps:

1. <u>Determine Services Provided</u>

    The types of services provided by the Telecommunications and Network sections are based on the requirements of state agencies and are typically similar to services provided by regulated telephone utilities, facility based carriers, other common carriers, and resellers of inter-city telecommunications services. These services are provided by the Office of Administration when the state can obtain enhanced shared features and realize economy of scale.

2. <u>Establish Units of Service</u>

    The unit of service utilized to measure the volume of service provided for each service type was established based on three major criteria: relationship to the function performed, measurability, and level of control which can be exercised by the customer agencies.

3. <u>Compile Estimates of Utilization</u>

    The Fiscal Year 2007 utilization of each service category was compiled. The category estimates were then used as a basis for projections or estimates for Fiscal Year 2008 of each type of service.

4. Identify Types of Costs

Two basic types of costs were identified: (1) allocated direct; and (2) allocated indirect. Allocated direct costs were those costs that can be directly identified with providing a type of service. Costs allocated indirectly are related costs that cannot be directly identified with providing a specific type of service.

5. Determine Allocated Direct Costs

Budgeted expense and equipment costs that could be directly identified with providing a specific type of service were accumulated to determine total allocated direct cost by type of service. In some cases an expense or equipment cost applies to more than one service category. The cost is then split by percentage among the appropriate type of service.

6. Determine Allocated Indirect Costs

Budgeted expense, equipment and personnel costs that could be indirectly identified with providing a specific type of service were accumulated to determine total allocated indirect cost by type of service.

7. Summarized Total Cost by Service

Total cost by service was determined by adding the direct and indirect allocated costs.

8. Calculate Cost Per Unit of Service

The cost per unit of service was calculated by dividing the total annual cost by the total estimated annual utilization.

Service Category Definitions

1. Centrex Access

The basic unit of service provided by State Telecommunications to customers is access (dial tone). Embarq provides this service under the service mark of Centrex in Jefferson City, Rolla, Warrensburg and Maryville. This basic unit of service allows customers the ability to receive calls from any customer of the world-wide telecommunications system. Also associated with this basic service unit is the unlimited ability of Jefferson City, Rolla, Warrensburg and Maryville customers to call other customers within their system with four or five digit dialing. This category also includes some other Embarq service areas and additional locations will be added throughout the year. Service to Butler, California, Clinton, Lebanon and Warsaw was added in Fiscal Year 2003. Major cost components identified with this service element are the line charges and features which allow transmission and receipt of calls from the nationwide toll centers and the Federal End User charge.

2. State Long Distance

    Within the Long Distance rate are those costs of the dedicated facilities (T-1s) on the private network that are located between the various cities to support voice traffic. Also included in the Long Distance rate are cost components of central office equipment required to provide switching capability of state telephones (Plexar/Centrex) from local calling only to WATS calling and long distance calling within the private network. WATS access and price per minute is also a component of long distance. (WATS is a long distance service which completes a call between a network location and a non-network location or known as the public switched network.)

3. PLEXAR Access

    Access (dial tone) is the basic unit of service provided to customers in cities served by AT&T Telephone Company and has the trademark of PLEXAR. This basic unit of service allows customers to receive calls from any caller on the worldwide telecommunications system. It also permits customers to have the unlimited ability to place calls on the local and state networks and allows three, four and five digit dialing within their system. The major cost elements associated with this service are the feature and station line charges and the Federal End User charge.

4. Data Circuits

    Data circuit service is the physical facility and PVCs costs that are used for transport of data applications. Physical facilities include intrastate (inter and intra LATA) and interstate circuits connecting two or more locations together on a dedicated basis as well as Frame Relay and local circuits. In general, this service provides the agencies with the order processing, billing functions and contract administration required with the dedicated data circuits. The cost element with this service is the circuit costs and an administrative fee.

5. Voice Mail

    This category of service provided to customers is access from the central office to the systems located in Jefferson City, Hannibal, Carthage, St. Joseph, Kansas City, Springfield, Sikeston, Hillsboro, Neosho, Nevada, Sedalia, Lee's Summit, Cape Girardeau, Farmington, Poplar Bluff, New Madrid, Joplin, St. Charles and St. Louis. The cost elements of this service include a monthly lease charge for the boxes in Warrensburg and Rolla as well as maintenance on owned systems.

6. Pass-Through Telephone Service

    Pass-Through service is the process by which the charges billed by the telephone vendors are in turn billed to the appropriate agencies. Charges incurred for services such as local service, toll, and calling cards etc. are billed to the agencies with an administrative fee added.

7. Toll-Free

This category is for Toll-Free service such as 800, 888, 877 and 866 numbers where agencies pay the per-call costs instead of the caller. The cost elements for this service include circuit, per minute service cost and an administrative fee.

8. Managed WAN

This category is for the monitoring, maintenance and equipment associated with managing state agency Wide Area Networks (WAN). In general, this service provides agencies with the service level agreements, trouble shooting and reporting, equipment refreshes, network design and consulting.

9. Internet Services

Internet Services supplied to state agencies include bandwidth, redundancy, security measures, monitoring and troubleshooting. These services enable state employees to access a wealth of information available on the Internet, as well as allowing state agencies to provide information and e-business services to our customers. Agencies can also additionally utilize these services for VPN (virtual private network) connectivity to remote users or offices, as well as other services such as videoconferencing connectivity to locations outside the boundaries of state government.

10. Network and Security Connections

Network and Security Connection services represent the "core" network and security functions provided to all state agencies. As the enabler for connectivity from any agency to enterprise applications (e.g., SAM II), inter-agency electronic communications, or agency connectivity to the Internet, these services also provide various levels of security and redundancy for the customer structures. In addition, technical and consulting services are provided to agencies through this category.

Contact Information

- **Deputy of Infrastructure**
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- **Deputy of Finance**
  - Arlan Holmes

- **Director of Networks and Telecommunications**
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- **Telecommunications Services & Support**
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- **Fiscal Services**
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STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2008
DETAILED BUDGET

Personnel Service		Budget Amount FY07	Budget Amount FY08
1	Account Clerk II	$23,163	$24,572
2	Account Clerk II	$23,525	$24,955
3	Account Clerk II	$30,975	$24,572
4	Account Clerk II	$23,163	$24,572
5	Account Clerk II	$25,983	$27,563
6	Accountant I	$27,880	$35,313
7	Computer Info Tech Spec I	$0	$12,399
8	Computer Info Tech Spec I	$0	$53,296
9	Computer Info Tech Spec II	$0	$11,574
10	Computer Info Tech Spec II	$0	$11,903
11	Computer Info Tech Spec II	$55,661	$61,615
12	Computer Info Tech Spec II	$0	$13,136
13	Computer Info Tech Spec III	$0	$13,416
14	Computer Info Tech Spec III	$0	$63,765
15	Computer Info Tech Spec III	$0	$13,416
16	Computer Info Tech Spec III	$0	$14,689
17	Computer Info Tech Supv I	$0	$35,049
18	Computer Info Tech Supv I	$54,976	$69,945
19	Computer Info Tech Trainee	$0	$34,027
20	Designated Principal Asst Dept	$0	$25,335
21	Designated Principal Asst Div	$0	$18,073
22	Designated Principal Asst Div	$0	$18,073
23	Designated Principal Asst Div	$0	$18,073
24	Executive I	$0	$8,444
25	Fiscal and Administrative Mgr B2	$29,390	$14,469
26	Miscellaneous Professional	$0	$174
27	Office of Administration Mgr 2	$60,590	$15,597
28	Office Support Asst (KEYBRD)	$0	$5,329
29	Sect Mgr Div of Info Svcs	$0	$16,020
30	Special Asst Professional	$39,212	$74,271
31	SR Office Support Asst (CLERICAL)	$27,818	$29,516
32	SR Office Support Asst (CLERICAL)	$26,445	$28,057
33	Telecommunications Analyst I	$29,390	$30,272
34	Telecommunications Analyst II	$31,500	$35,955
35	Telecommunications Analyst II	$30,975	$35,955
36	Telecommunications Analyst II	$0	$36,610
37	Telecommunications Analyst III	$51,243	$54,359
38	Telecommunications Analyst III	$50,232	$53,296
39	Telecommunications Analyst III	$44,466	$47,178
40	Telecommunications Analyst IV	$51,243	$54,359
41	Telecommunications Analyst IV	$54,550	$57,870
42	Telecommunications Analyst IV	$46,288	$49,106
43	Telecommunications Analyst IV	$51,243	$54,359
44	Vacancies	$137,604	$0
45	Overtime, Unallocated PS	$57,198	$40,704
99	Fringe Benefits	$406,609	$514,986
Total Personnel Service:		$1,491,322	$1,986,375

Communications Expense and Equipment		Budget Amount FY07	Budget Amount FY08
2100-2112	Managed WAN Travel Expenses	$6,000.49	$0.00
2383	Prof. Training, Seminars and Education	$5,000.00	$5,000.00
2403	Telephones	$1,500.00	$1,500.00
JI11	Digital T1 (PRI) Data Circuits	$19,514.64	$19,514.64
JI12	Modem Pool Management Fee	$6,000.00	$0.00
JI14	MOREnet Affiliate Fee	$19,200.00	$19,200.00
JI15	MOREnet Backbone/Internet Connection Fee	$116,150.00	$161,000.00
JI16	Redundant Internet Connection	$55,221.00	$27,610.50
JI17	MOREnet Connection Management Fee	$3,200.00	$10,000.00
JI27	MOREnet Internet Connection Fee	$6,900.00	$3,200.00
JI29	MOREnet Funding Shortfall Assessment	$0.00	$4,600.00
JI31	"SDC Hub Fee" Adjustment	-$20,000.00	$0.00
JI21	Technical Consulting	$12,450.00	$20,750.00
JI22	MOREnet UNIX Server System Admin	$30,000.00	$30,000.00
JI28	MOREnet Kinetic Mail & Webhosting Service	$5,000.00	$5,000.00
2580-03	VPN Hardware Maintenance	$30,000.00	$0.00
JI06	Sun Server Maintenance	$11,000.00	$71,000.00
2592-02	Voice Mail Maintenance	$100,737.24	$104,736.60
JI05	Server Hardware Upgrades	$4,000.00	$11,000.00
JI26	Secondary DNS Server	$0.00	$0.00
JI08	Server Software Upgrades	$3,000.00	$0.00
JI09	Virus & AntiSpam Software	$50,000.00	$4,000.00
2701-01	Managed WAN Network Expansion	$7,045.00	$0.00
2730-02	Voice Mail Equipment	$74,400.00	$100,000.00
JI07	RealSystem Server Prof. Software Maint.	$6,820.00	$6,820.00
JI10	Secure Transaction Software	$2,700.00	$0.00
JI30	MySQL Annual Licensing Fees	$1,200.00	$1,200.00
JI13	Equipment Maintenance	$1,725.00	$1,725.00
JI19	Staff Support	$1,250.00	$1,250.00
3009-01	Jefferson City Lines	$3,344,882.00	$3,312,810.72
3009-03	Jefferson City Tax & Miscellaneous	$269,189.00	$268,811.16
3009-04	Jefferson City Federal End User	$527,640.00	$634,554.24
3009-06	AT&T T-1	$229,773.00	$196,192.56
3009-09	WATS Access & Usage	$856,915.00	$988,686.12
3009-13	Plexar Lines	$2,253,782.00	$2,291,302.68
3009-14	Plexar Trunks	$1,200,232.00	$878,592.36
3009-15	Plexar Federal End User	$1,447,029.00	$1,654,030.92

STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2008
DETAILED BUDGET (continued)

Communications Expense and Equipment (continued)	Budget Amount FY07	Budget Amount FY08
3009-16 Plexar Federal End User Credit	-$1,305,411	-$1,461,036
3009-17 Plexar Base System	$223,458	$214,150
3009-21 Other Centrex Line Charges	$0	$12,851
3009-24 Voice Mail Circuits	$146,426	$147,671
3009-27 Other Centrex Pass-Through	$577,550	$493,903
3009-28 Toll-Free Service Pass-Through	$3,253,606	$900,000
3009-29 Cellular Services	$0	$1,000,000
3009-30 Plexar Pass-Through	$257,863	$274,609
3009-31 Local Service	$1,191,473	$1,256,258
3009-33 Tolls	$38,226	$55,161
3009-35 Directory Assistance	$51,334	$40,653
3009-36 Directory Purchase	$1,950	$2,071
3009-37 Toll-Free Service	$0	$2,748,192
3009-40 OA Network Equipment	$583	$977
3009-41 Network Expansion	$0	$0
3009-42 Embarq E-MAN Services	$330,702	$167,952
3009-43 SMDR	$806	$846
3009-44 ARS Package	$2,402	$2,402
3009-46 Satellite Services	$0	$25,866
3009-48 Contract Long Distance Service	$1,147,146	$872,513
3009-49 Calling Card Service	$120,000	$74,276
3009-53 Frame Relay Circuits	$4,576,153	$4,907,674
3009-56 Dial-Up Internet Access	$75,085	$164,028
3009-57 Service Center Voice Mail	$8,498	$0
3009-58 Service Center Transport	$40,288	$40,233
3009-59 Long Distance T-1s	$315,599	$74,052
3009-60 Network Transport Service	$2,458,929	$2,388,686
3009-61 T-1 Network Voice Circuits	$177,150	$174,000
3009-63 ISDN-PRI	$381,772	$392,418
3009-74 Centrex Tolls	$19,828	$2,169
3009-73 Voice Grade Circuits	$86,573	$87,177
3009-70 Other Centrex Pass-Through	$2,127	$1,472
3009-75 Blackberry Wireless	$608,275	$932,304
3009-80 ISDN - BRI	$9,948	$0
J901 Hardware Maint. - Network Switches	$0	$62,979
J902 Hardware Maint. - Firewall	$0	$28,792
J903 Hardware Maint. - Network Routers	$0	$48,773
J904 Software Maint. - Intrusion Det. Software	$0	$20,586
J905 Software Maint. - Network Troubleshooting SW/HW	$0	$27,500

Communications Expense and Equipment (continued)

		Budget Amount FY07	Budget Amount FY08
J906	Hardware Purchase - Network Security Equipment	$0	$30,000
J907	Hardware Purchase - Network Switches/Hubs/Routers	$0	$150,000
J908	Hardware Purchase - Tools for Staff	$0	$4,000
J910	General Support Expense - Consulting Service	$0	$10,000
J911	General Support Expense - Miscellaneous	$0	$25,000
	Total Expense & Equipment	$25,487,794	$27,235,245

STATE OF MISSOURI TELECOMMUNICATIONS
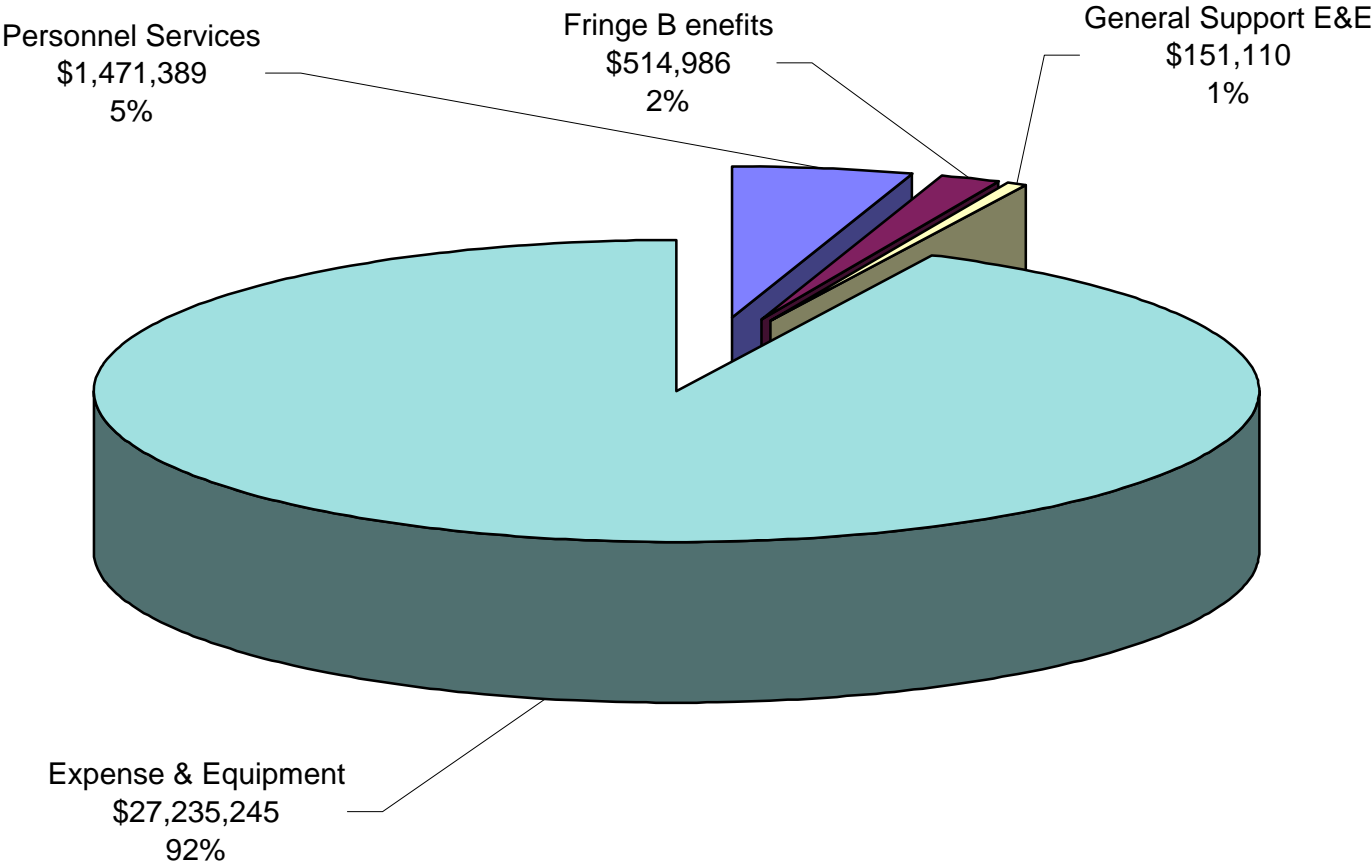**COST ALLOCATION PLAN**
FISCAL YEAR 2008

DETAILED BUDGET (continued)

General Support (Indirect) Expense and Equipment	Budget Amount FY07	Budget Amount FY08
2100 In-State Mileage	$1,500	$1,500
2106 In-State Lodging	$4,000	$4,000
2109 In-State Meals	$1,500	$1,500
2112 In-State - Other	$250	$250
2115 Out-State Mileage	$500	$500
2118 Out-State Commercial Transportation	$2,750	$2,750
2121 Out-State Lodging	$3,000	$3,000
2124 Out-State Meals	$500	$500
2127 Out-State other	$75	$75
2205 Office Supplies	$3,500	$3,500
2265 Postage	$8,000	$8,000
2268 Subscriptions and Publications	$50	$50
2277 Other Admin Supplies	$100	$100
2325 Vehicle Repair	$2,500	$2,500
2328 Motor Fuel	$1,000	$1,000
2380 Organization Memberships	$5,000	$5,000
2383 Convention, Conference, Training	$10,000	$10,000
2386 Tuition Expenses	$2,000	$2,000
2400 Telecommunication Supplies	$6,000	$6,000
2403 Telecommunication Charges	$16,000	$16,000
2409 Internet Charges	$350	$350
2412 Cellular Charges	$1,500	$1,500
2415 Pagers	$500	$500
2457 Express and Freight	$100	$100
2460 Printing & Binding	$2,500	$2,500
2469 Temporary Personnel Services	$12,000	$12,000
2490 Computer Hardware Services	$10,000	$10,000
2520 Educational Services	$0	$0
2580-01 Computer Hardware Maint.	$600	$600
2583-00 Software Maintenance	$49,735	$49,735
2598 Office Equipment Maint	$400	$400
2691 Under Threshold office	$0	$0
2700-00 Desktop Computer Equipment	$200	$200
2706 Computer Software	$2,500	$2,500
2730 Communication Equipment	$1,500	$1,500
2769 Office Furniture	$250	$250
2772 Office Equipment	$500	$500
2991 Food	$250	$250
Subtotal General Support (Indirect)	$151,110	$151,110
Total E&E Budget	$25,297,077	$27,386,355
Total Budget	$26,912,060	$29,372,730

STATE OF MISSOURI COMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2008

BUDGET BY FUND

	Revolving Fund
Personnel Service	$1,471,389
Expense & Equipment	$27,386,355
Fringe Benefits	$514,986
Total	$29,372,730

Communications Expenses By Fund

Personnel Services
$1,471,389
5%

Fringe B enefits
$514,986
2%

General Support E&E
$151,110
1%

Expense & Equipment
$27,235,245
92%

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Centrex Access

Annual Estimated Utilization:
Number of Lines:
          249,168

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
3009.01	Jefferson City Line Charges	$3,344,882	$3,312,811
3009.03	Tax	$269,189	$268,811
3009.04	Jefferson City Federal End User Charges	$527,640	$634,554
3009.41	Network Expansion	$0	$0
3009.21	Other Sprint Line Charges	$0	$12,851
3009.80	ISDN-BRI	$9,948	$0
	Subtotal Expense and Equipment	$4,151,660	$4,229,027
	Total Direct Allocation	$4,151,660	$4,229,027
	Indirect Costs Allocated	$171,946	$170,999
	Total Allocated Costs	$4,323,606	$4,400,026
	Retained Earnings Reduction	-$257,684	-$389,000
	RATF Transfer	$50,124	$66,183
	Total Collectable Costs	$4,116,045	$4,077,209

Rate Calculation:

Collectable Costs / Utilization = Monthly Access Line Cost

$$\frac{\$4,077,208.93}{249,168} = \$16.36$$

Additional Centrex Charges:
          FEDERAL UNIVERSAL FUND* $0.50
          MISSOURI UNIVERSAL FUND* $0.04

                            TOTAL $16.90

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
State Long Distance

Annual Estimated Utilization (in minutes):
      32,280,000

Estimated Cost:
Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
3009.06	SBC T-1's	$229,773	$196,193
3009.09	WATS Access and Usage	$856,915	$988,686
3009.14	Plexar Trunks	$699,735	$232,827
3009.35	Directory Assistance	$51,334	$40,653
3009.36	Directory Purchase	$1,950	$2,071
3009.40	OA Network Equip.	$583	$977
3009.43	SMDR	$806	$846
3009.44	ARS	$2,402	$2,402
3009.59	MCI T-1's & Termination Charges	$315,599	$74,052
3009.61	T-1 Network Circuits	$177,150	$174,000
	Subtotal Expense and Equipment	$2,336,248	$1,712,707
	Total Direct Allocation	$2,336,248	$1,712,707
	Indirect Costs Allocated	$34,458	$96,187
	Total Allocated Costs	$2,370,706	$1,808,894
	Retained Earnings Reduction	-$552,980	$0
	RATF Transfer	$28,206	$26,803
	Total Collectable Costs	$1,845,931	$1,835,697

Rate Calculation:
Collectable Costs / Utilization = State Long Distance Cost Per Minute

$$\frac{\$1,835,697}{32,280,000} = \$0.0569$$

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Plexar Access

Annual Estimated Utilization:
Number of Lines:
        272,076

Estimated Cost:
Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
3009.13	Plexar Line Charges	$2,253,782	$2,291,303
3009.14	Plexar Trunks	$500,497	$645,765
3009.15	Plexar Federal End User Charges	$1,447,029	$1,654,031
3009.16	EUCL Credit	-$1,305,411	-$1,461,036
3009.17	Plexar Base System	$223,458	$214,150
3009.41	Network Expansion	$0	$0
	Subtotal Expense and Equipment	$3,119,355	$3,344,213
	Total Direct Allocation	$3,119,355	$3,344,213
	Indirect Costs Allocated	$212,904	$213,748
	Total Allocated Costs	$3,332,259	$3,557,962
	Retained Earnings Reduction	$0	-$309,000
	RATF Transfer	$37,661	$52,336
	Total Collectable Costs	$3,369,920	$3,301,298

Rate Calculation:

Collectable Costs / Utilization = Monthly Access Line Cost

$$\frac{\$3,301,298}{272,076} = \$12.13$$

Additional Plexar Charges:*
        FEDERAL UNIVERSAL FUND* $0.08
        MISSOURI UNIVERSAL FUND* $0.04

                        TOTAL $12.25

Plexar Pricing Policy:
 - Lines added after the beginning of the fiscal year will be at cost if cost is greater than CAP until
   the next annual CAP is developed. New Plexar lines which cost more than CAP will be evaluated
   by the Rate Committee and may never be in the CAP rate.
 - Customers pay all install charges.
 - Rates are based on a 7-year agreement, customers pay all penalties related to early disconnects.

Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Data Circuits

Annual Estimated Utillization:

      Actual Circuit Costs

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
3009.42	Embarq E-MAN	$330,702	$167,952
3009.46	Satellite Service	$0	$25,866
3009.53	Frame Relay	$4,576,153	$4,907,674
3009.63	ISDN-PRI	$381,772	$392,418
3009.60	Network Transport	$2,458,929	$2,388,686
3009.41	Network Expansion	$0	$0
3009.73	Voice Grade Circuits	$86,573	$87,177
	Subtotal Expense and Equipment:	$7,834,130	$7,969,773
	Total Direct Allocation	$7,834,130	$7,969,773
	Indirect Costs Allocated	$170,224	$338,920
	Total Allocated Costs	$8,004,354	$8,308,693
	Retained Earnings Reduction	0	$ -
	Total Collectable Costs	$8,004,354	$8,308,693

Rate Calculation:

Total Collectable Costs / Direct Costs = Administrative Percentage

$$\frac{\$8,308,693}{\$7,969,773} \times 100\% = 104.25\%$$

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Voice Mail Charge

Annual Estimated Utilization:
Number of Lines:
        240,564

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
3009.41	Network Expansion	$0	$0
3009.24	Circuits	$146,426	$147,671
2592.02	Maintenance	$100,737	$104,737
2730.02	Voice Mail Equipment	$74,400	$100,000
3009.57	Service Center Voice Mail	$8,498	$0
	Subtotal Expense and Equipment	$330,062	$352,408
	Total Direct Allocation	$321,564	$352,408
	Indirect Costs Allocated	$453,937	$483,072
	Total Allocated Costs	$783,999	$835,480
	RATF Transfer	$3,985	$5,515
	Total Collectable Costs	$787,984	$840,995

Rate Calculation:

Collectable Costs / Direct Costs = Rate per Mailbox

$$\frac{\$840,995}{240,564} = \$3.50$$

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Pass-Through Telephone Service

<u>Annual Estimated Utilization:</u>
Actual Costs

<u>Estimated Cost:</u>

Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
3009.27	Other Sprint Pass-Through	$577,550	$493,903
3009.28	Toll Free Pass-Through	$0	$900,000
3009.29	Cellular Service	$0	$1,000,000
3009.30	Plexar Pass-Through	$257,863	$274,609
3009.31	Local Services	$1,191,473	$1,256,258
3009.33	Toll	$38,226	$55,161
3009.47	Video Conferencing	$0	$0
3009.48	1+ Charges	$1,147,146	$872,513
3009.49	Calling Card Pass-Through Charges	$120,000	$74,276
3009.56	Internet Access Pass-Through Charges	$75,085	$164,028
3009.70	Other Centrex Pass-Through	$2,127	$1,472
3009.74	Centrex Tolls	$19,828	$2,169
3009.75	Blackberry Wireless	$608,275	$932,304
	Subtotal Expense and Equipment	$4,037,573	$6,026,692
	Total Direct Allocation	$4,037,573	$6,026,692
	Indirect Costs Allocated	$105,173	$170,999
	Total Allocated Costs	$4,142,746	$6,197,690
	Total Collectable Costs	$4,142,746	$6,197,690

<u>Rate Calculation:</u>

Total Collectable Costs / Direct Costs = Administrative Percentage

$$\frac{\$6,197,690}{\$6,026,692} = 103\%$$

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Toll-Free

Annual Estimated Utilization (in minutes):
Number of Minutes
     54,811,243

Estimated Cost:

Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
3009.37	Toll-Free Service	$3,253,606	$2,748,192
	Subtotal Expense and Equipment	$3,253,606	$2,748,192
	Total Direct Allocation	$3,253,606	$2,748,192
	Indirect Costs Allocated	$400,634	$330,241
	Total Allocated Costs	$3,654,240	$3,078,433
	RATF Transfer	$39,354	$43,009
	Total Collectable Costs	$3,693,594	$3,121,442

Rate Calculation:

Allocated Costs / Utilization = Per-Minute Cost

$$\frac{\$3,121,442}{54,811,243} = \$0.0569$$

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Managed WAN

Annual Estimated Utilization:
Number of Routers:
        804

Estimated Cost:

Item	Description	FY07 Budget Amount	FY08 Budget Amount
	Personnel	$46,636	$0
2110-2112	Managed WAN Travel Expenses	$6,000	$0
3009.58	Service Center Transport	$40,288	$40,233
2701	WAN Network Expansion	$7,045	$0
	Total Direct Expenses	$99,969	$40,233
	Indirect Costs	$6,823	$79,741
	Total Allocated Costs	$106,792	$119,974
	Plus RATF Transfer	$1,207	$630
	Total Collectable Costs	$107,999	$120,604

Rate Calculation:

Collectable Costs / Direct Costs = Rate per client

$$\frac{\$120,604}{804} = \$150$$

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Internet Service

Annual Estimated Utilization:
Number of Accounts:
45,487

Estimated Cost:

Item	Description	FY07 Budget Amount	FY08 Budget Amount
2383	Prof. Training, Seminars and Education	$ 5,000	$ 5,000
2403	Telephones	$ 1,500	$ 1,500
2406	Digital T1 (PRI) Data Circuits	$ 19,515	$ 19,515
2541	Modem Pool Management Fee	$ 6,000	$ -
2541	MOREnet Affiliate Fee	$ 19,200	$ 19,200
2541	MOREnet Backbone/Internet Connection Fee -	$ 116,150	$ 161,000
2541	Redundant Internet Connection	$ 55,221	$ 27,611
2541	MOREnet Connection Management Fee	$ 3,200	$ 10,000
2541	MOREnet Internet Connection Fee	$ 6,900	$ 3,200
2541	MOREnet Funding Shortfall Assessment	$ -	$ 4,600
2541	"SDC Hub Fee" Adjustment	$ (20,000)	$ -
2541	Technical Consulting	$ 12,450	$ 20,750
2541	MOREnet UNIX Server System Admin	$ 30,000	$ 30,000
2541	MOREnet Kinetic Mail & Webhosting Service	$ 5,000	$ 5,000
2580	Sun Server Maintenance	$ 11,000	$ 71,000
2700	Server Hardware Upgrades	$ 4,000	$ 11,000
2700	Secondary DNS Server	$ -	
2706	Server Software Upgrades	$ 3,000	
2706	Virus & AntiSpam Software	$ 50,000	$ 4,000
2896	RealSystem Server Prof. Software Maint.	$ 6,820	$ 6,820
2896	Secure Transaction Software	$ 2,700	
2896	MySQL Annual Licensing Fees	$ 1,200	$ 1,200
2896	Equipment Maintenance	$ 1,725	$ 1,725
2979	Staff Support	$ 1,250	$ 1,250
	Total Direct Expenses	$ 341,831	$ 404,370
	Total Indirect Expenses	$ 187,557	$ 253,578
	Total Allocated Costs	$529,388	$657,949
	RATF Transfer	$2,480	$2,970
	Retained Earnings Reduction	-$17,869	-$127,661
	Total Collectable Costs	$513,999	$533,258

Rate Calculation:

Collectable Costs / Direct Costs = Rate per client

$$\frac{533,258}{45487} = \$11.72$$

see distribution of costs, pages 26 & 27

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State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Network & Security Connection

<u>Annual Estimated Utilization:</u>
Number of Accounts:
          64,141

<u>Estimated Cost:</u>

Direct Allocation - Expense and Equipment

Item	Description	FY07 Budget Amount	FY08 Budget Amount
2580	Hardware Maintenance - Network Switches	$0	$62,979
2580	Hardware Maintenance - Firewall	$0	$28,792
2580	Hardware Maintenance - Network Routers	$0	$48,773
2583	Software Maintenance - Intrusion Detection Software - Maryvile Technologies	$0	$20,586
2580	Software Maintenance - Network Troubleshooting SW/HW	$0	$27,500
2700	Hardware Purchase - Network Security Equipment	$0	$30,000
2700	Hardware Purchase - Network Switches, Hubs, and Routers	$0	$150,000
2700	Hardware Purchase - Tools for Staff	$0	$4,000
2541	General Support Expense - Consulting Service	$0	$10,000
J809-823	General Support Expense - various categories	$0	$25,000
	Subtotal Expense and Equipment:	$0	$407,630
	Total Direct Allocation	$0	$407,630
	Indirect Costs Allocated	$0	$0
	Total Allocated Costs	$0	$407,630
	Total Collectable Costs	$0	$407,630

<u>Rate Calculation:</u>

See Rate Schedule
page 28

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Internet Fees (Annual)

Agency	Users	Annual Amount
Senate	230	$2,695.60
House	436	$5,109.92
Legislative Research	35	$410.20
State Courts Administrator	4945	$57,955.40
Public Defenders	630	$7,383.60
Governor's Office	53	$621.16
Lt. Governor's Office	9	$105.48
Secretary of State	263	$3,082.36
State Auditor's Office	160	$1,875.20
State Treasurer's Office	51	$597.72
Attorney General's Office	418	$4,898.96
OA-Commissioner's Office	21	$246.12
OA-Accounting	53	$621.16
OA-Budget & Planning	27	$316.44
OA-Information Technology Services	180	$2,109.60
OA-Facilities Management / D&C	206	$2,414.32
OA-Personnel	73	$855.56
OA-Purchasing & Materals Management	52	$609.44
OA-General Services	60	$703.20
OA-Children's Trust Fund	4	$46.88
OA-Administrative Hearing Commission	15	$175.80
OA-Excellence in Missouri Foundation	4	$46.88
OA-Office of Child Advocate	4	$46.88
Dept of Agriculture	290	$3,398.80
Dept of Insurance	203	$2,379.16
Insurance - Credit Union	9	$105.48
Insurance - Finance	95	$1,113.40
Insurance - Professional Registration	290	$3,398.80
Dept of Conservation	1691	$19,818.52
Dept of Economic Development	750	$8,790.00
DED - Public Service Commission	213	$2,496.36
Elementary & Secondary Education	520	$6,094.40
DESE - Vocational Rehabilitation	342	$4,008.24
Commission for the Deaf	6	$70.32
Coordinating Board for Higher Education	90	$1,054.80
Dept of Health and Senior Services	2016	$23,627.52
Dept of Transportation	5077	$59,502.44

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008

Internet Fees, Continued (Annual)

Labor & Industrial Relations	921	$10,794.12
Dept of Mental Health	4447	$52,118.84
Dept of Natural Resources	1469	$17,216.68
DPS - Director's Office	48	$562.56
DPS - SEMA	58	$679.76
DPS - Capitol Police	11	$128.92
DPS - Liquor Control	25	$293.00
DPS - Fire Safety	22	$257.84
DPS - Missouri Veteran's Commission	360	$4,219.20
DPS - Missouri State Water Patrol	36	$421.92
DPS - Adjutant General (MONG)	350	$4,102.00
Missouri State Highway Patrol	1947	$22,818.84
Gaming Commission	190	$2,226.80
Dept of Revenue-Administration	0	$0.00
Dept of Rev-Motor Vehicle & Drivers License	0	$0.00
Dept of Revenue-Taxation	0	$0.00
Dept of Revenue-Legal Services	1358	$15,915.76
Dept of Revenue-Fiscal Services	0	$0.00
Dept of Revenue-Customer Services	0	$0.00
State Tax Commission	34	$398.48
Lottery Commission	172	$2,015.84
Dept of Social Services	8442	$98,940.24
Dept of Corrections	5910	$69,265.20
Missouri Consolidated Health Care	80	$937.60
MOSERS	66	$773.52
Ethics Commission	20	$234.40

State of Missouri Communications
Cost Allocation Plan
Fiscal Year 2008
Network and Security Connection Fees (Annual)

SENATE	$353.89
HOUSE OF REPS	$766.26
LEGISLATIVE RESEARCH	$66.63
STATE COURTS ADMIN	$6,805.15
PUBLIC DEFENDER COMM	$947.89
GOVERNOR	$50.38
LIEUTENANT GOVERNOR	$9.75
SECRETARY OF STATE	$1,334.78
AUDITOR	$264.32
TREASURER	$88.83
ATTNY GENERAL	$753.82
OA	$26,123.06
AGRICULTURE-ITSD	$791.89
INSURANCE-ITSD	$541.91
CONSERVATION	$3,810.35
ECOMOMIC DEVELPOMENT-ITSD	$3,592.04
PUBLIC SERVICE COMMISSION	$365.07
ELEMENTARY & SECONDARY ED	$4,336.84
HIGHER EDUCATION-ITSD	$128.36
COLLEGES & UNIVERSITIES	$0.00
JUNIOR COLLEGES	$0.00
HEALTH AND SENIOR SERVICES-ITSD	$13,503.13
HIGHWAYS & TRANSPORTATION	$12,949.74
LABOR & INDUSTRIAL RELATIONS-ITSD	$9,120.75
MENTAL HEALTH-ITSD	$22,725.02
NATURAL RESOURCES-ITSD	$6,908.43
PUBLIC SAFETY-ITSD	$5,216.75
HIGHWAY PATROL	$34,559.80
KC ALERT	$0.00
REJIS	$0.00
REVENUE-ITSD	$58,343.39
SOCIAL SERVICES-ITSD	$173,390.36
CORRECTIONS-ITSD	$19,436.26
OTHER CUSTOMERS (NON-AGENCY)	$0.00

STATE OF MISSOURI COMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2008
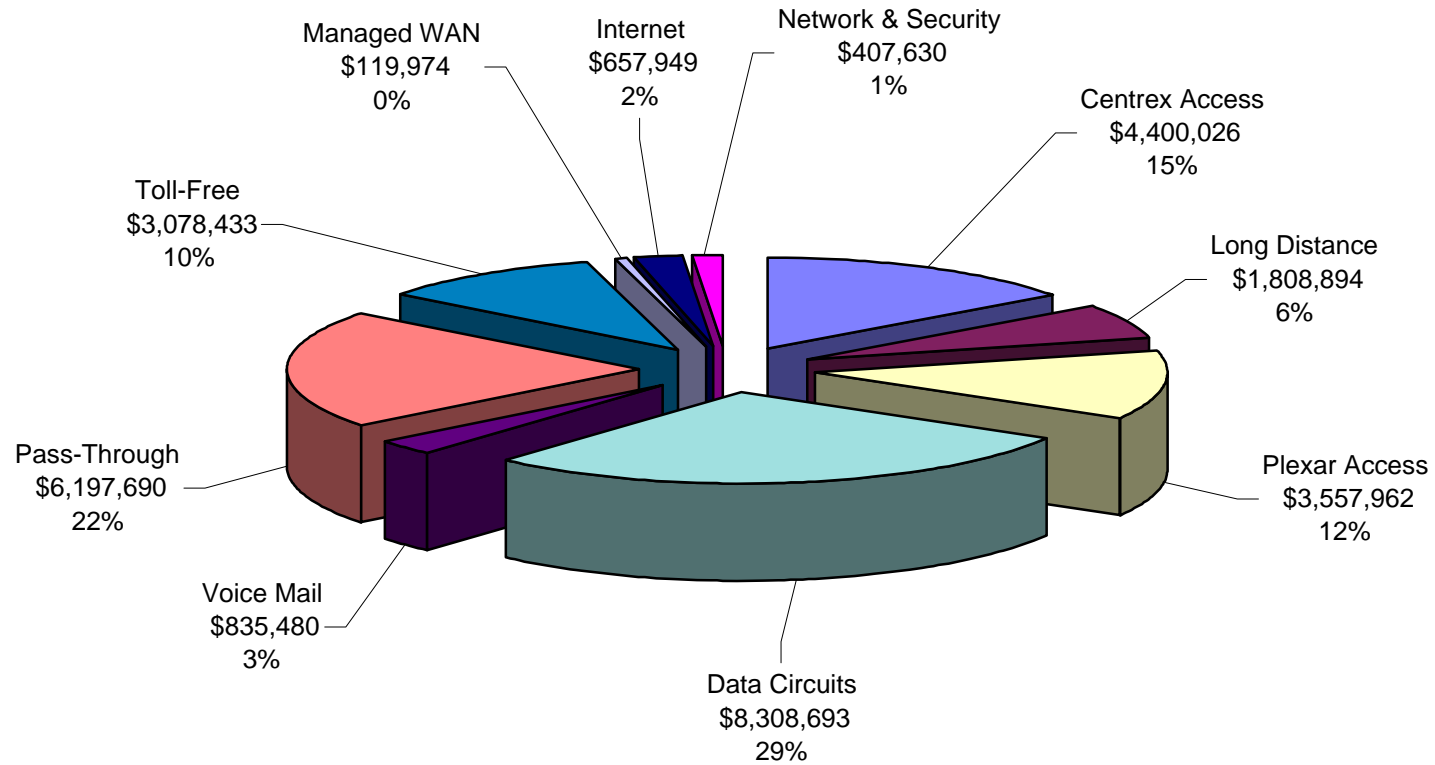## RATE CALCULATION SUMMARY

	CENTREX ACCESS	STATE LONG DISTANCE	PLEXAR ACCESS	DATA CIRCUITS	VM ADMIN. CHARGE	PASS THRU	TOLL FREE	MGD WAN SERVICE	INTERNET SERVICE	NETWORK & SECURITY CONNECTION	TOTAL
DIRECT ALLOCATION											
PERSONNEL SERVICE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
EXPENSE and EQUIPMENT	$4,229,027	$1,712,707	$3,344,213	$7,969,773	$352,408	$6,026,692	$2,748,192	$40,233	$404,370	$407,630	$27,235,245
SUBTOTAL	$4,229,027	$1,712,707	$3,344,213	$7,969,773	$352,408	$6,026,692	$2,748,192	$40,233	$404,370	$407,630	$27,235,245
INDIRECT ALLOCATION											
PERSONNEL SERVICE	$158,910	$89,387	$198,637	$314,960	$448,921	$158,910	$306,895	$74,104	$235,652	$0	$1,986,375
EXPENSE and EQUIPMENT	$12,089	$6,800	$15,111	$23,960	$34,151	$12,089	$23,346	$5,637	$17,927	$0	$151,110
SUBTOTAL	$170,999	$96,187	$213,748	$338,920	$483,072	$170,999	$330,241	$79,741	$253,578	$0	$2,137,485
TOTAL ALLOCATED COSTS	$4,400,026	$1,808,894	$3,557,962	$8,308,693	$835,480	$6,197,690	$3,078,433	$119,974	$657,949	$407,630	$29,372,730
RETAINED EARNINGS REDUCTION	-$389,000		-$309,000						-$127,661		-$825,661
RATF TRANSFER	$66,183	$26,803	$52,336		$5,515		$43,009	$630	$2,970		$194,476
COLLECTABLE COSTS	$4,077,209	$1,835,697	$3,301,298	$8,308,693	$840,995	$6,197,690	$3,121,442	$120,604	$533,258	$407,630	$28,744,515
UTILIZATION	249,168 LINES	32,280,000 MIN	272,076 LINES	$7,969,773 COST	240,564 LINES	$ 6,026,692 COST	54,811,243 MIN	804 ROUTERS	45487 ACCOUNTS	64141 USER	
RATE	**$16.36**	**$0.0569**	**$12.13**	**104.25%**	**$3.50**	**103%**	**$0.0569** *(see note)***	**$150.00**	**$ 11.72**	**see rate schedule**	
FED UNIVERSAL FUND*	$0.50		$0.08								
MO UNIVERSAL FUND*	$0.04		$0.04								
TOTAL	$16.90		$12.25								

*Additional charges may increase or decrease throughout the Fiscal Year depending on FCC or PSC rulings.

**This reduced rate will not apply until the new Toll-Free contract becomes effective on September 1, 2007.

Total Allocated Cost by Rate Category

Managed WAN
$119,974
0%

Internet
$657,949
2%

Network & Security
$407,630
1%

Centrex Access
$4,400,026
15%

Long Distance
$1,808,894
6%

Plexar Access
$3,557,962
12%

Toll-Free
$3,078,433
10%

Pass-Through
$6,197,690
22%

Voice Mail
$835,480
3%

Data Circuits
$8,308,693
29%

STATE OF MISSOURI TELECOMMUNICATIONS
COST ALLOCATION PLAN
FISCAL YEAR 2008
RATE SUMMARY

CAP Rates

Centrex Access	$16.36	per line + FCC costs
State Long Distance (Private Network)	$0.0569	per minute
Plexar Access	$12.13	per line + FCC costs
Data Circuits	104.25%	of actual cost
Voice Mail (standard mailbox)	$3.50	per mailbox
Pass-Through Telephone Service	103%	of actual cost
Toll-Free	$0.0569	per minute*
Centrex Pass-Through	100%	of actual cost
Managed WAN	$150	per router
Internet	$11.72	per account
Network & Security		see rate schedule

Directory Assistance

Intrastate	$1.99 per call
Interstate	$1.99 per call
Toll	Actual Cost

Conference Calls

Progressive	$10.00 per hour
Meet-Me	$5.00 per hour

NOTE: Charges may apply if a scheduled conference is canceled without adequate advance notice.

Contract Services

Calling Card Cost (per minute)	$.07 day/evening/night/weekend
1+ Long Distance	$.108 day/evening/night/weekend**
ISDN Calls	$.1436 day/evening/night/weekend

This rate will go into effect with the new toll-free contract on September 1, 2007.

**Rate may decrease during the fiscal year pending contract award.*